

Headquarters U.S. Air Force

Integrity - Service - Excellence



Business Case Analysis



U.S. AIR FORCE

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Overview

- **What is a Business Case Analysis (BCA)?**
- **Structure of a Business Case**
- **Business Case Example**
- **How to Market your Business Case**
- **Tools and Processes**
- **Summary**



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What Is A Business Case?

- **Tool that supports planning and decision-making**
 - **Answers questions such as “which vendor to choose or when to implement”**
- **Generally designed to find out the likely financial and other business consequences if we take this or that action (or decision)?**



Structure of a Business Case

Introduction & Overview

- **Title & Subtitle**
 - Identify the proposed action and general nature of the analysis
- **Author**
 - Provide identity—improves credibility
- **Date**
 - Show date(s) completed and submitted
- **Subject**
 - Should be explicit - describing what the case is about
- **Purpose**
 - Must be known and understood by case developer and audience
- **Executive Summary**
 - Carefully prepared and formatted - describes case essentials
- **Introduction**
 - Describes case setting and establishes reader expectations



Structure of a Business Case Assumptions and Methods

- **Financial Metrics**
 - Decisions and plans should be based on specific measures
- **Assumptions**
 - BCAs require certain assumptions for one or more reasons:
 - Prediction - future financial results are based on factors that change over time: business volume, prices, salaries, organization's cost structure, etc
 - Simplification - when it is impossible or impractical to obtain exact figures: e.g. 100 clerical workers, it's difficult to factor each salary - average is used
 - Clarification - whenever you cannot take it for granted that any other person would make the same assumption automatically
- **Scope & Boundaries**
 - Scope - range of coverage encompassed by the case
 - Boundaries - provides rules for deciding which data belong in the case and which do not (e.g. time, geography/location, organization or function, technology, etc)



Structure of a Business Case Assumptions and Methods

- **Scenario**
 - A story showing one way that events might unfold
 - Built to find and make tangible every business impact we want to make (requires an abundance of assumptions)
- **Cost Model**
 - Identifies cost items that belong in the case
 - Assures everyone the database selection was unbiased and the scenarios are compared
- **Benefits Rationale**
 - Provides a basis for bringing business objective contributions into the business case
- **Data Sources & Methods**
 - Identify specific data sources



Structure of a Business Case

Business Impacts

- **Financial Model**
 - The centerpiece of the business case
 - Can be simple as a pie charts or complex as investment flow sheets and tables & graphs that show behavior of key variables, or relationships between them
- **Investment Statement**
 - The heart of the financial model and the business case
 - Shows cash inflows and outflows
- **Analysis of Results**
 - Compare results to other case scenarios and apply them to management decisions
- **Non Financial Results**
 - Record and make tangible
 - Compare to financial impacts in non financial terms



Structure of a Business Case

Sensitivity, Risks, Contingencies

- **Sensitivity Analysis**
 - **Asks “What happens if the assumptions change?”**
- **Risk Analysis**
 - **Addresses questions of “how likely are financial results to achieve business case predictions”**
- **Contingencies & Dependencies**
 - **Key to making the BCA predictions come about**
 - **Reminds everyone that the case subject has business objectives; reaching objectives requires contributions from different**



Structure of a Business Case

Conclusions and

Recommendations

- **Conclusions**
 - **State the case firmly; supports reasoning with evidence from preceding sections**
 - **All important decision criteria needed are presented and evaluated**
 - **Place to point out surprising or unexpected results**
- **Recommendations**
 - **Should be explicit and come at end of case report**
 - **Bring closure to the case**
 - **Remind audience the ball is in their court**



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Building a Business Case

Weapon System
Cost Baseline

ID High
Cost Drivers

1. Knowledge of Costs

- AF Total Ownership Cost Data System

2. Develop Initiatives

Economic Analysis -

- Investment/Savings
- NPV, Savings-Investment R
- R-TOC Business Case Analysis (BCA) Template

New Initiative
BCA

Program Office

MAJCOM

Cost Savings
Modernization
Initiative

Corp AF

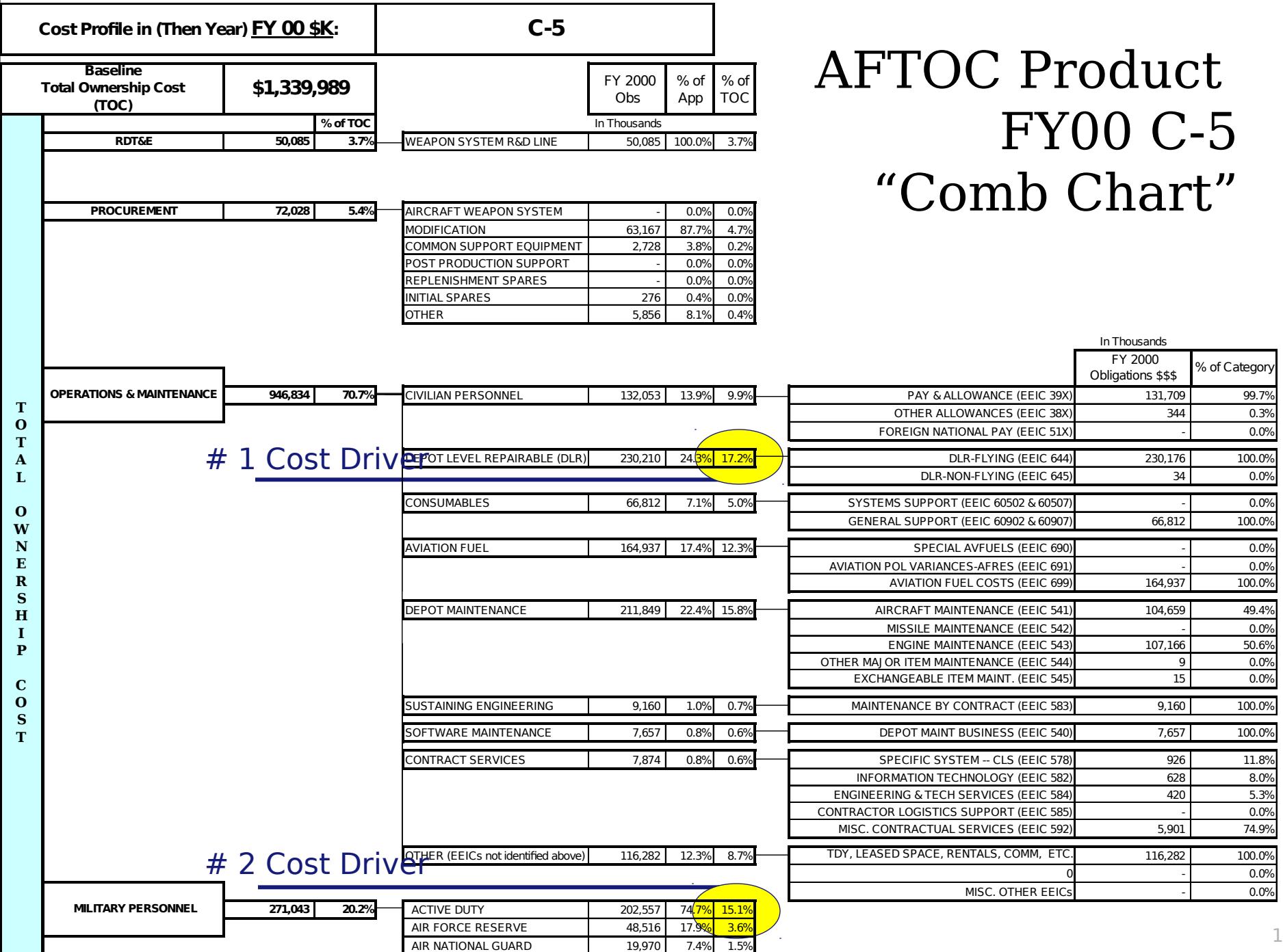
3. Implement Initiatives

Cost Savings Modernization Initiatives

- MAJCOM Approved
- Corp AF Vetted
- He who invests, saves, reinvests (Waterfall)

POM

AFTOC Product FY00 C-5 “Comb Chart”

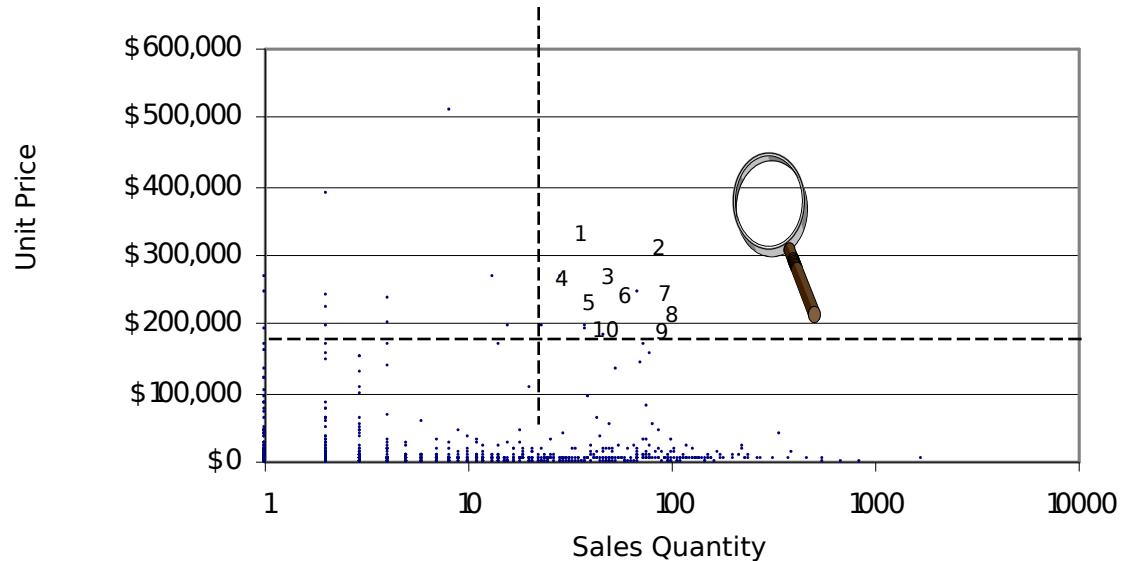




High Cost/High Demand Drivers

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C-5 A/C Example From AFTOC



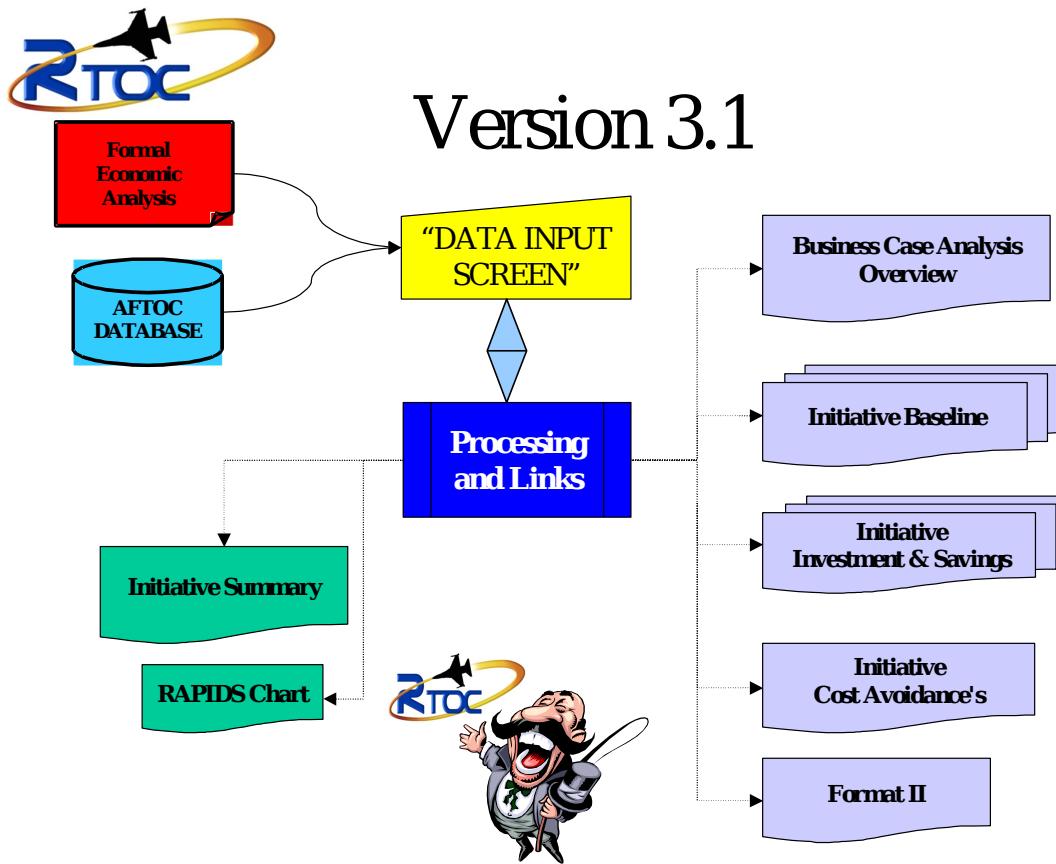
- Examine Upper Right Quadrant for High Leverage Cost Reduction Opportunities
- Pursuing 3rd Dimension to correlate w/ maintenance costs

Data Point	MD	NSN	Sales Qty	Unit Price	MSD Sales	Noun	End Item
1	C-5	2840014472512	28	\$269,277	\$7,539,767	ROTOR, COMPRESSOR,	ACFT ENG TF39 2J -TF39
2	C-5	1560004195879	68	\$244,114	\$16,599,770	THRUST REVERSER, AIR	C-5
3	C-5	2840013205345	38	\$195,933	\$7,445,454	NOZZLE ASSEMBLY, TUR	TF39 ACFT ENGINE,
4	C-5	2840010723526	23	\$195,933	\$4,506,459	VANE ASSEMBLY, FAN	TF39 ACFT ENG
5	C-5	2840012025327	37	\$190,432	\$7,045,970	CASE AND VANE ASSEMBLY	ACFT ENG TF39-GE1C
6	C-5	2840011997351	46	\$184,445	\$8,484,480	ROTOR, FAN, AIRCRAFT	TF39 ACFT ENG
7	C-5	2840014451881	72	\$170,216	\$12,255,527	NOZZLE ASSEMBLY, TUR	ACFT ENG TF39
8	C-5	2840012039530	77	\$158,748	\$12,223,624	VANE ASSEMBLY, FAN	ACFT ENG TF39-GE1C
9	C-5	1560006202517	70	\$141,993	\$9,939,502	COWLING	C-5
10	C-5	2840012163026	53	\$134,925	\$7,151,009	ROTOR, TURBINE, AIRCRAFT	TF39-GE-1C



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Business Case Analysis





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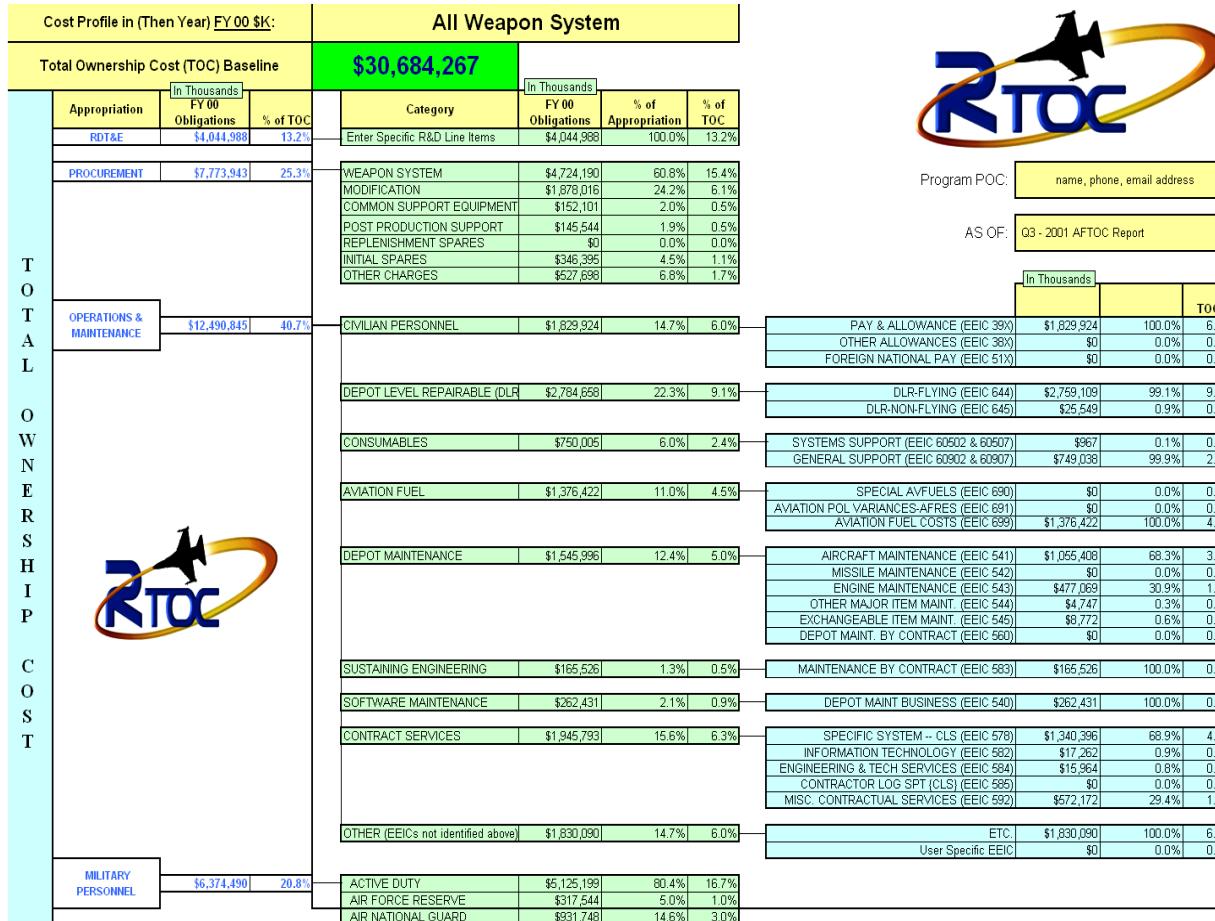
Historical AFTOC Data Pull

Weapon System	All Weapon System							
Command	All Command							
Appn	All Appn							
Budget Cycle	02 PB							
Program Element Code	All Program Element Code							
Obligations			Fiscal Year					
Level 02	Level 03	Level 04	Level 05	1997	1998	1999	2000	
Financial Summary	RDT&E			3,956,499,440.12	4,022,841,464.86	3,350,605,045.47	4,044,988,327.45	
	Procurement	Aircraft Weapon System		3,479,117,178.80	3,309,869,426.83	4,898,121,972.54	4,724,189,621.86	
		Modifications		1,599,745,574.83	1,426,668,378.87	1,705,248,711.69	1,878,015,955.41	
		Common Spt Equipment		172,182,564.70	143,994,828.28	141,658,227.23	152,100,662.30	
		Post Production Support		82,203,630.60	45,313,816.48	273,962,483.04	145,544,492.71	
		Replenishment Spares		94,673,816.74	56,840,030.45			
		Initial Spares		56,147,368.39	280,331,752.42	504,705,334.14	346,394,615.43	
		Other Charges		384,056,569.96	424,112,454.40	394,314,251.24	527,697,917.64	
	Procurement Total *			5,868,126,704.02	5,687,130,487.73	7,718,010,979.88	7,773,943,265.35	
	O&M	Civilian Person	EEIC 383**	1,948,542.88	1,826,485.83	874,030.59	297,055.66	
			EEIC 384**	2,798,527.41	3,676,876.52	3,486,942.98	2,627,432.00	
			EEIC 385**		90.00	299,635.30	333,708.98	
			EEIC 386**	27,362.53	25,836.69	22,091.68	27,536.18	
			EEIC 391**	6,258,446.67	7,807,034.28	7,022,462.87	7,883,924.64	
			EEIC 392**	1,323,916,645.11	1,336,436,999.64	1,363,405,354.82	1,426,419,066.96	
			EEIC 393**	316,787,480.35	331,677,763.85	352,654,027.47	381,125,309.85	
			EEIC 394**	192,587.49	471,158.10	388,864.40	425,900.15	
			EEIC 395**	5,614,255.44	7,003,367.61	7,534,285.50	7,106,121.64	
			EEIC 396**	5,785,537.50	6,336,134.91	6,594,831.18	6,908,131.49	
			EEIC 397**	101,866.21	47,860.74	39,587.36	55,787.22	
			EEIC 511**	1,331,393.05	1,258,668.38	1,285,794.84	1,455,490.39	
			EEIC 515**	3,181.59			1,101.67	
	Civilian Personnel Total *			1,664,765,816.23	1,696,568,278.55	1,743,607,909.00	1,834,666,566.83	
	DLRs	EEIC 644**		1,790,402,678.55	2,241,996,417.76	2,711,758,777.25	2,759,108,985.00	
		EEIC 645**		15,374,643.26	30,373,612.28	19,267,341.82	25,548,680.59	
	DLRs Total *			1,805,777,321.83	2,272,370,030.04	2,731,026,119.07	2,784,657,665.59	
	Consumables	EEIC 605**		158,964,489.63	194,599.51	43.60	967,017.46	
		EEIC 609**		567,296,754.48	669,653,668.73	745,277,981.75	749,038,329.32	
	Consumables Total *			726,261,244.11	669,748,268.24	745,278,025.38	750,005,346.78	
	AV Fuel	EEIC 699**		2,115,625,391.12	2,081,741,000.00	1,802,764,000.00	1,376,422,000.00	
	AV Fuel Total *			2,115,625,391.12	2,081,741,000.00	1,802,764,000.00	1,376,422,000.00	
	Depot Maint	EEIC 541**		905,314,625.37	1,054,176,250.56	1,093,621,278.39	1,055,408,130.86	
		EEIC 543**		425,259,514.13	595,641,045.29	537,550,602.53	477,069,308.72	
		EEIC 544**		2,819,428.00	4,265,175.82	2,892,297.00	4,746,642.00	
		EEIC 545**		8,223,672.00	5,370,157.00	9,512,768.00	8,771,974.00	
	Depot Maintenance Total *			1,341,617,239.50	1,659,452,628.67	1,643,576,945.92	1,545,995,955.58	



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The Comb Chart





Weapon System Baseline

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WEAPON SYSTEM BASELINE										AFTOC Data Sources Used:			
Program Office:		c-130 spo					name, phone, email address		WSC: c-130 spo				
Program POC:		Data in ("THEN YEAR") Dollars (\$K):							OACs: ALL				
Financial Year:									PECs: ALL				
AS OF:		G4 - 2000											
		Obligations			Current BA		Budget Authority from the most recent President's Budget						
TITLE		FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07		
RDT&E		4,187	11,959	16,328	-	117,106	134,816	109,447	87,659	-	-		
WEAPON SYSTEM R&D LINE		4,187	11,959	16,328	-	117,106	134,816	109,447	87,659	-	-		
PROCUREMENT		240,246	387,639	272,899	-	389,792	666,534	664,399	913,673	-	-		
AIRCRAFT WEAPON SYSTEM		73,986	111,503	109,584	-	206,326	253,687	355,908	548,110	-	-		
MODIFICATION		128,243	109,762	136,417	-	97,476	183,864	203,376	263,346	-	-		
COMMON SUPPORT EQUIPMENT		7,187	7,261	7,433	-	17,187	17,188	42,363	42,967	-	-		
POST PROCUREMENT SUPPORT		-	-	-	-	1,361	1,362	1,367	1,369	-	-		
REINSTATEMENT SPARES		4,257	-	-	-	-	-	-	-	-	-		
INITIAL SPARES		14,560	66,428	3,299	-	15,010	26,140	36,224	49,390	-	-		
OTHER		12,013	12,685	15,959	-	43,432	24,293	25,021	8,491	-	-		
OPERATIONS AND MAINTENANCE		1,292,650	1,245,181	1,491,598	-	1,351,231	1,381,139	1,421,848	1,454,115	-	-		
CIVILIAN PERSONNEL		315,367	333,010	356,048	-	414,866	429,414	447,557	481,520	-	-		
PAY & ALLOWANCE (EEIC 39X)		313,268	331,818	354,245	-	414,035	426,580	446,912	460,858	-	-		
OTHER ALLOWANCES (EEIC 38X)		1,587	652	1,179	-	340	325	119	121	-	-		
FOREIGN NATIONAL PAY (EEIC 51X)		494	530	623	-	491	509	526	541	-	-		
DEPOT LEVEL REPAIRABLE (DLR)		162,381	209,771	184,017	-	164,913	186,315	193,115	199,699	-	-		
DLR-FLYING (EEIC 64X)		158,394	205,762	182,747	-	177,100	180,586	185,997	192,630	-	-		
DLR-NON-FLYING (EEIC 645)		5,956	4,009	1,270	-	7,713	5,749	7,118	7,268	-	-		
CONSUMABLES		81,720	93,512	87,105	-	87,620	90,911	90,815	91,333	-	-		
SYSTEMS SUPPORT (EEIC 60502 & 60507)		35	-	1	-	333	338	345	352	-	-		
GENERAL SUPPORT (EEIC 60902 & 60907)		81,685	93,512	87,104	-	87,287	90,574	90,471	90,962	-	-		
AVIATION FUEL		205,485	36,322	181,778	-	143,321	138,601	139,977	142,401	-	-		
SPECIAL AVI FUELS (EEIC 690)		-	-	-	-	-	-	-	-	-	-		
AVIATION POLY VARIANCES-AFRES (EEIC 691)		-	-	-	-	-	-	-	-	-	-		
AVIATION FUEL COSTS (EEIC 699)		205,485	36,322	181,778	-	143,321	138,601	139,977	142,401	-	-		
DEPOT MAINTENANCE		181,293	210,570	212,241	-	224,861	241,905	247,771	250,198	-	-		
AIRCRAFT MAINTENANCE (EEIC 541)		103,867	110,631	119,229	-	123,868	136,501	141,325	143,394	-	-		
MISSILE MAINTENANCE (EEIC 542)		-	-	-	-	-	-	-	-	-	-		
ENGINE MAINTENANCE (EEIC 543)		76,978	98,476	91,411	-	98,379	102,732	103,691	104,094	-	-		
OTHER MAJOR ITEM MAINTENANCE (EEIC 544)		93	530	643	-	1,794	1,836	1,897	1,827	-	-		
EXCHANGEABLE ITEM MAINT. (EEIC 545)		356	934	758	-	620	835	857	883	-	-		
SUSTAINING ENGINEERING		11,459	9,782	8,371	-	10,263	10,532	13,380	14,602	-	-		
MAINTENANCE BY CONTRACT (EEIC 583)		11,459	9,762	8,371	-	10,263	10,532	13,380	14,602	-	-		
SOFTWARE MAINTENANCE		23,722	35,082	32,164	-	34,147	35,335	35,867	35,668	-	-		
DEPOT MAINT BUSINESS (EEIC 540)		23,722	36,082	32,164	-	34,147	35,335	35,867	35,668	-	-		
CONTRACT SERVICES		156,170	184,808	248,335	-	132,406	126,657	131,805	136,061	-	-		
SPECIFIC SYSTEM -- CLS (EEIC 576)		18,991	20,210	84,880	-	26,897	22,414	22,589	22,810	-	-		
INFORMATION TECHNOLOGY (EEIC 582)		1,530	1,945	504	-	3,281	3,428	3,497	3,567	-	-		
ENGINEERING & TECH SERVICES (EEIC 594)		609	861	863	-	1,459	1,473	1,495	1,517	-	-		
CONTRACTOR LOGISTICS SUPPORT (EEIC 585)		-	2,155	-	-	459	953	811	974	-	-		
MISC. CONTRACTUAL SERVICES (EEIC 592)		135,041	159,857	162,088	-	100,283	98,390	103,413	107,194	-	-		
OTHER (EEICs not identified above)		155,083	131,324	121,537	-	120,934	121,486	121,557	122,432	-	-		
TDY, LEASED SPACE, RENTALS, COMM, ETC.		155,083	131,324	121,537	-	120,934	121,486	121,557	122,432	-	-		
MISC. OTHER EEICs		-	-	-	-	-	-	-	-	-	-		
BASELINE COST		1,537,083	1,564,779	1,721,214	-	1,851,129	2,022,488	2,195,652	2,455,447	-	-		
MILITARY PERSONNEL		678,596	717,880	778,868	-	832,431	856,579	884,417	910,549	-	-		
ACTIVE DUTY		428,682	424,700	460,777	-	491,645	507,338	523,087	544,893	-	-		
AIR FORCE RESERVE		79,222	81,153	88,210	-	113,501	115,957	117,597	119,524	-	-		
AIR NATIONAL GUARD		170,691	212,027	229,681	-	227,286	233,284	243,733	246,131	-	-		
BASELINE COST w/ MIL Pers		2,215,679	2,282,659	2,499,882	-	2,683,560	2,879,067	3,080,069	3,366,996	-	-		

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Initiative Summary

Air Force R-TOC Program Office														
Enter the Proposed Initiative Title														
Data in ("THEN YEAR") Dollars (\$K):														
Appropriation Info	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	To Comp	TOTAL
RDT&E Investment	-	-	-	-	-	-	-	-	-	-	-	-		-
Procurement Investment	-	-	-	-	-	-	-	-	-	-	-	-		-
O&M Investment	-	-	-	-	-	-	-	-	-	-	-	-		-
Total Investment	-	-	-	-	-	-	-	-	-	-	-	-		-
Savings	-	-	-	-	-	-	-	-	-	-	-	-		-
Cost Avoidance	-	-	-	-	-	-	-	-	-	-	-	-		-
Baseline	-	-	-	-	-	-	-	-	-	-	-	-	-	
Remarks: as of:	August 20, 1977				Mike Hayden, mthayden@tasc.com -- michael.hayden@pentagon.af.mil, 703-558-7400 X2826									
FY Date	2001													
Data in ("CONSTANT YEAR") Dollars (\$K):														
Appropriation Info	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	To Comp	TOTAL
RDT&E Investment	-	-	-	-	-	-	-	-	-	-	-	-		-
Procurement Investment	-	-	-	-	-	-	-	-	-	-	-	-		-
O&M Investment	-	-	-	-	-	-	-	-	-	-	-	-		-
Total Investment	-	-	-	-	-	-	-	-	-	-	-	-		-
Savings	-	-	-	-	-	-	-	-	-	-	-	-		-
Cost Avoidance	-	-	-	-	-	-	-	-	-	-	-	-		-
Baseline	-	-	-	-	-	-	-	-	-	-	-	-	-	
NPV:	Savings Only		Savings+Avoidance											
	\$0.0		\$0.0											
SIR:	N/A		N/A											
Risk Analysis Category	HIGH				SPO Approval Date: October 21, 1982									
Operating MAJCOM Coordination	November 2, 1983				Funding Status: Funded									



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Data Input Screen

"DATA INPUT SCREEN"		WSC:	Enter Weapon System Title	Risk Analysis Category	HIGH	 <small>2001Tables</small>					
		Initiative:	Enter the Proposed Initiative Title	SPO Approval Date	October 21, 1982						
		Initiative ID #	9999	Operating MAJCOM Coordination	November 2, 1983						
		Program Office:	Air Force R-TOC Program Office	Funding Status	Funded						
		Initiative POC:	Mike Hayden, mthayden@tasc.com	MAJCOM	Enter aff						
		AS OF:	August 20, 1977	Program Elements	5-digit AF PE Code(s)						
Air Force Business Case Analysis (BCA) Model		<i>Version 3.1</i>		Data Source Used							
Description of Initiative:											
<p>"ENTER A BRIEF DESCRIPTION OF THE INITIATIVE SUCH AS:"</p> <p>The recommended Alternative (Initiative 9999) is a</p> <p>If more than 8 lines are needed - You must press the Alt+Enter after each additional line....</p> <p>OR you can cut and paste Directly from your "Economic Analysis" Document</p>											
Description of Savings:											
<p>Savings from initiative will be realized by ...</p> <p>(The INITIATIVE POC must show specifically how savings will be tracked manually).</p> <p>Please provide as much detail as possible: including new/old national stock numbers, program element codes, elements of expense, responsibility center/cost centers, etc., and sou any methodologies used to calculate savings.</p> <p><i>REMEMBER THAT ACTUAL SAVINGS ONLY OCCUR WITHIN THE FYDP</i></p>											
Description of Other Alternatives:											
<p>Other Alternatives Considered:</p> <p>Please list the other alternatives considered from the "Data Source Analysis" Documentation (i.e. Cost Benefit Analysis (CBA), an Economic Analysis (EA), or similar Cost Compariso</p>											
<p>1) Fill in the required Funding by "Appropriation" and FY in the columns to the right.</p> 		Type of Initiative Funding Required	FY 01	FY 02	FY 03	FY 04	FY 05	FY 1			
		All Financial Data MUST be entered as Then Year 'TY" Dollars in Thousands (\$K)									
<p>2) Select the applicable Cost Element Baseline.</p> 		3600 (R & D)	-	-	-	-	-	-			
		3010 (Aircraft Procurement)	-	-	-	-	-	-			
		3020 (Missile Procurement)	-	-	-	-	-	-			
		3080 (Other Procurement)	-	-	-	-	-	-			
		3400 (O & M)	-	-	-	-	-	-			
		COST ELEMENT	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 1
Baseline (FY02 PB)		CONTRACTOR LOGISTICS SUPPORT (EEIC 585)	-	-	-	-	-	-	-	-	-
Cost or Savings		CONTRACTOR LOGISTICS SUPPORT (EEIC 585)	-	-	-	-	-	-	-	-	-
Avoidance		CONTRACTOR LOGISTICS SUPPORT (EEIC 585)	RESET the View							-	-
<input type="button" value="VIEW the Constant Year BCA"/>		<input type="button" value="VIEW the Entire Workbook"/>	SAVE		<input type="button" value="PRINT the Summary Data"/>			<input type="button" value="PRINT the Constant Year BCA"/>			<input type="button" value="Entire Workbook for Historical File"/>



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Sample RAPIDS Chart

Enter the Proposed Initiative Title									
BACKGROUND "ENTER A BRIEF DESCRIPTION OF THE INITIATIVE SUCH AS:" The recommended Alternative (initiative 9999) is a									
ADJUSTMENT Savings from initiative will be realized by ... (The INITIATIVE POC must show specifically how savings will be tracked manually).									
FUNDING (\$M):		FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
CURRENT PROGRAM		0	0	0	0	0	0	0	0
ADJUSTMENT		0	0	0	0	0	0	0	0
Revised PGM TOTAL		0	0	0	0	0	0	0	0
PROCUREMENT						MANPOWER			
FY 2002		FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2002	FY 2003	FY 2004
							OFFICER	ENLISTED	CIVILIAN
IMPACTS:									
CINC IPL: (yes or no) DPG: (yes or no) APPG: (yes or no) MAJCOM Ranking # _____									
- Failure to fund this initiative will put this program at risk and will cause an increase of \$XXX in Annual O&S Cost									
- _____									
- _____									
- _____									
- _____									
- _____									
- _____									
- _____									

CSMI-NAME OF INITIATIVE

BACKGROUND:

Initiative (replaces, avoids, upgrades, maintains, increases, decreases, etc --- three line description of the initiative and why it is needed.)

ADJUSTMENT:

Fixes (funds, increases, provides, offsets etc. This will be a two line description of the funding adjustment. Normally MAJCOMs will have one chart for the plus-up and one chart for the saving offset. Offset # minuses)

FUNDING	02A2I450AN	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
(\$) CURRENT PROGRAM		6.1	2.5	7.3	0.0	0.0	0.0
ADJUSTMENT		43.5	12.4	-5.2	4.4	0.0	0.0
REVISED PGM TOTAL		49.6	14.9	2.1	4.4	0.0	0.0

PROCUREMENT	FY02	FY03	FY04	FY05	FY06	FY07	MANPOWER	FY02	FY03	FY04	FY05	FY06	FY07
Kit Buys	NT	3	0	0	0	0	OFFICER	0	0	0	0	0	0
Kit Installs	0	3	0	0	0	0	ENLISTED	0	0	0	0	0	0
							CIVILIAN	0	0	0	0	0	0

IMPACTS:

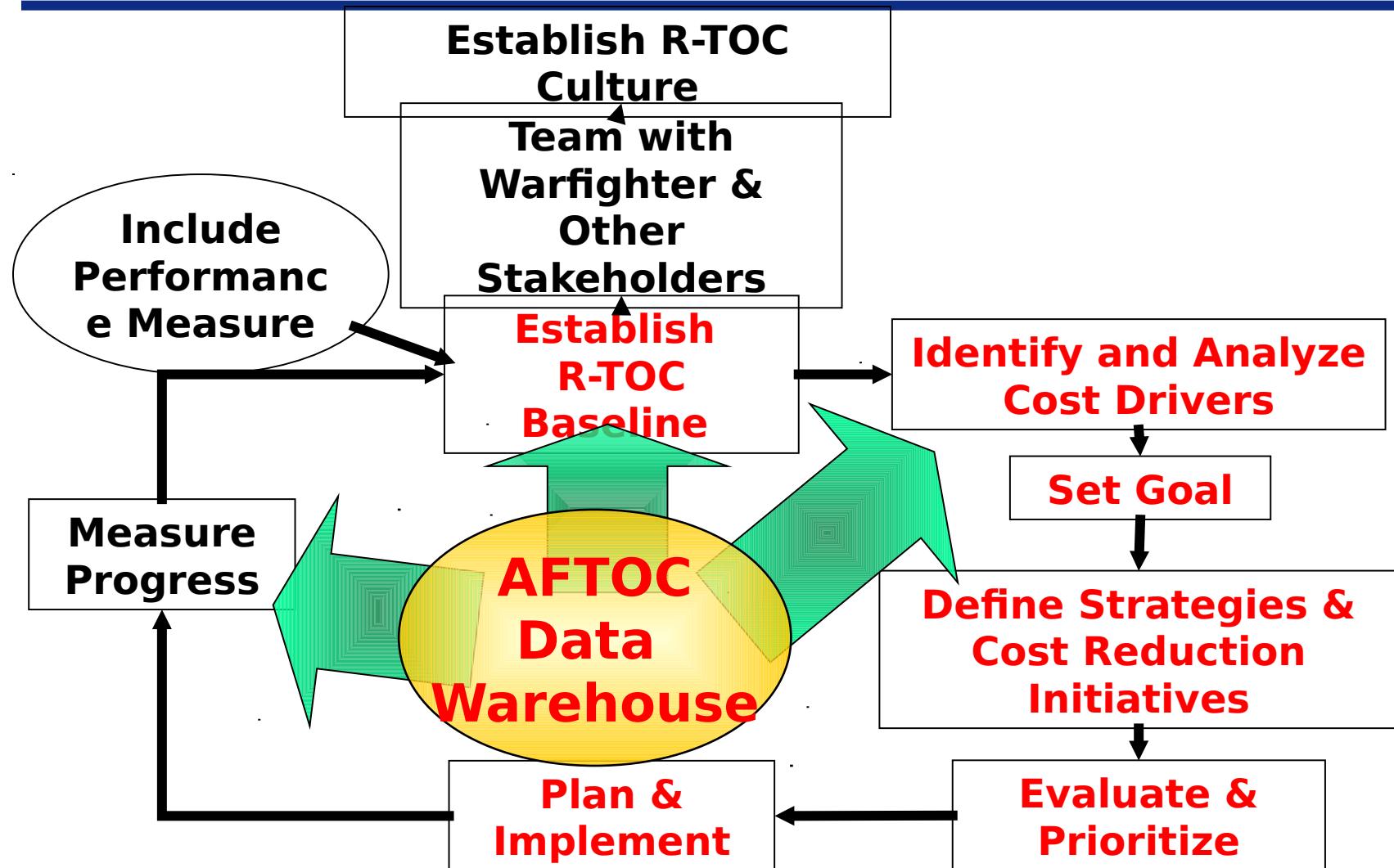
CINC IPL: (yes or no) DPG: (yes or no) APPG: (yes or no) MAJCOM Ranking:
#2 (AC2ISRC)

- Failure to complete puts..... at risk
- Full \$800M in life cycle costs saved (or avoided); replaces MIL SPEC with COTS, per SECDEF direction
- Increased mission readiness and CINC support; mission aircraft not used as substitute for lack of simulators, mission planning, database build, software development and maintenance
- Eliminates multiple configurations; increases acft availability and standardizes capability; keeps 20% of fleet from becoming logistically unsupportable



Tools & Processes

General R-TOC Process





U.S. AIR FORCE

Tools & Processes

AFTOC

Single Data Repository Combines Numerous AF Legacy Sources



- Historical Costs From Actual Obligations and Outlays - All Appropriations
- Provide Routine, Timely Visibility Into Costs
- All Major Weapon Systems to Include Commodities

A TOOL TO IMPLEMENT AFTOC
“Quicken” for the Air Force



Now You Have A Good Business Case - What Are Your Funding Vehicles?

U.S. AIR FORCE

1. Service Process

- AF Warfighting Commands**

2. Supplemental Sources

- Warfighter Rapid Acquisition Process (WRAP)**
- Business Initiative Council (BIC)**
- Advanced Concept Tech Demonstration (ACTD)**
- Reduction in Total Ownership Cost (RTOC)**
- Program Budget Decision (PBD)**
- Investment Programs (Aging A/C, CIP, PRAM)**



How to Market Your Business Case?

U.S. AIR FORCE

- **Savings vs. Avoidance (In a Budgetary Environment)**
- **Know Your Audience (AF Corp Structure)**
 - **Have to Sell to Your Audience**
 - **R&D Investment vs. O&M “Savings”**
 - **Assessment of Military Utility or Value**
 - **Cross Plot and Prioritize**
 - **Show a Strategy to Keep the “Savings”**
 - **Waterfall Charts**
 - **Show Specific Recommendations**
 - **Drive to Closure**



U.S. AIR FORCE

Summary

- **A Good Business Case:**

- **Balance of Cost vs. Utility or “Warfighter” Value**
- **Articulate Impact of Action vs. Inaction**
- **Market to Your Audience**
- **Bring it to Closure - The Ball is in Their Court**

Remember the Golden Rule!



Contact Information

U.S. AIR FORCE

- **Air Force RTOC** www.safaq.rtoc.hq.af.mil
- **Army RTOC** www.saalt.army.mil/armytoc/
- **Navy RTOC** www.ar.navy.mil/index.cfm
- **Air Force AFTOC** <https://aftoc.hill.af.mil>
- **IDA RTOC** <http://rtoc.ida.org>
- **Program Management Community of Practice**
www.pmcop.dau.mil/pmcop/